

CENTRAL INTELLIGENCE AGENCY

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COUNTRY	Hungary/Soviet Orbit	REPORT	
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SOURCE EVALUATIONS ARE DEFINITIVE APPRAISAL OF CONTENT IS TENTATIVE

1. Production of war materiel for the Soviet Orbit is more or less at a standstill, pending the receipt of instructions. In the case of guns, production has ceased completely, except for the "touching-up" and modernization of forty 37-mm. guns sold to Bulgaria. As regards ammunition, 50% of the production potential is not working, but idle machinery has been greased to preserve it. Of the remaining 50%, 3-5% is producing ammunition, and the rest goods for civilian use.
2. In the meantime, Lt. General Géza Révész, Vice President of the Planning Office, who visited Moscow at the beginning of July in connection with the production of war materiel by Hungary, left on 28 August 1955, for a further visit.¹ He was accompanied by Richard Kolos, of the Ministry of Metallurgy and Machine Industry, and László Berany, the new head of the War Materiel Department in the National Planning Office.²
3. The Ministry of Metallurgy and Machine Industry has been instructed to deliver the entire present production of war materiel, including existing stocks and reserves, to the Hungarian Army. In the case of Diósgyőr, for example, this represents a sum of 25 million forints.
4. Meanwhile, the Army is laying up in grease a number of vehicles, tanks, and guns.

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Comments:

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1. It is estimated that if Lt. General Révész comes back with definite orders, delivery cannot take place before the fourth quarter of 1956, unless the present foundry program is revised to allow the production of war materiel.
2. The ex-Head of this Department, Karl Szuski (Hungarian spelling), a Russian, has now become Head of the Materiel Group in the Ministry of Defense.

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